

Message Text

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43

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 111311Z FEB 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 6137

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BONN

USMISSION EC BRUSSELS

USINT CAIRO

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY LAGOS

AMEMBASSY NEW DELHI

USMISSION OECD PARIS

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY ISLAMABAD

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

S E C R E T JIDDA 691

EXDIS

BEIRUT PASS BAGHDAD; KUWAIT PASS DOHA

E.O. 11652: GDS

TAGS: ENRG, PFOR, SA, JA, US

SUBJECT: PROSPECTIVE DECREASE IN PETROLEUM PRICES

REF: A) TOKYO 1485; B) JIDDA 668; C) JIDDA 5715

SECRET

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1. AHMED ZAKI YAMANI, SAUDI MINISTER OF PETROLEUM
ASKED ME TODAY IN RIYADH (FEB 10) WHAT I THOUGHT OF
HIS STATEMENT IN TOKYO ABOUT OPEC PRICES BEING TOO
HIGH (REF A). I TOLD HIM I THOUGHT IT WAS GREAT;

TOO BAD IT DIDN'T MEAN ANYTHING. HE BRISTLED AND ASKED WHAT I MEANT. HE SAID HE HAD LETTERS FROM KING FAISAL TO THE HEADS OF STATE OF ALL MAJOR OIL PRODUCING COUNTRIES. THE KING STATES THAT SAUDI ARABIA BELIEVES THE DECEMBER 22 PRICE INCREASES WERE TOO GREAT; THAT THE ECONOMIES OF MANY COUNTRIES IN THE WORLD WILL BE ADVERSELY AFFECTED; THAT A WORLD ECONOMIC DEPRESSION COULD BE PROVOKED AND THAT OPEC MUST NOT BE RESPONSIBLE FOR SUCH A CATASTROPHE WHICH WOULD AFFECT THEM AS WELL AS THE CONSUMERS.

2. I SAID THIS WAS WELCOME NEWS, BUT I HAD READ CABLES FROM ALL OTHER OPEC CAPITALS. THERE WAS NO RPT NO DISPOSITION TO DECREASE PRICES. IN FACT, IRAN, KUWAIT, ALGERIA WERE ALL TALKING OF FURTHER INCREASES ON APRIL 1. I REPEATED I WAS SORRY BUT HIS EFFORTS WERE DOOMED TO FAILURE.

3. HE SAID "YOU ARE ABSOLUTELY WRONG, I WILL WIN. AND I'LL BET YOU A HUNDRED THOUSAND RIYALS (\$30,000) THAT THERE WILL BE PRICE DECREASES; I'LL GIVE YOU TEN-TO-ONE ODDS."

4. I SAID I WAS SORELY TEMPTED. BUT I COULDN'T AFFORD TO LOSE \$3,000 AND I DIDN'T REALLY WANT TO BE IN A POSITION OF HOPING THAT HE WOULD FAIL.

5. COMMENT: I CONSIDERED RISKING MY FORTUNE (AND MY CAREER) ON THE BET. I EVEN CONSIDERED GETTING THE ITALIANS TO STAKE ME (THE ITALIANS WOULD BE INTRIGUED BY SUCH A PROPOSAL AND THEY

ARE DESPERATELY AFFECTED BY THE PRICE INCREASES, SEE REF B). I SUPPOSE IT'S BEYOND THE CAPABILITY
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OR THE INGENUITY EVEN OF THE NEW KISSINGER STATE DEPARTMENT TO AUTHORIZE ME TO TAKE HIM UP? AFTER ALL, IF HE WINS THE BET THE WORLD ALSO WINS AND IF I DO, ZAKI CAN CONTRIBUTE MY WINNINGS DIRECTLY TO CHARITY.
AKINS

SECRET

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To: STATE INFO ABU DHABI
ALGIERS
BEIRUT
BONN
EC BRUSSELS
CAIRO
CARACAS

DHAHRAN
KUWAIT
JAKARTA
LONDON
LAGOS
NEW DELHI
OECD PARIS
PARIS
ROME
ISLAMABAD
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TRIPOLI
VIENNA

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